

Office of Inspector General
Adults with Disabilities – Dan Marino Foundation

Report #A-1617-015

July 2017

Executive Summary

In accordance with the Department of Education’s fiscal year (FY) 2016-17 audit plan, the Office of Inspector General (OIG) conducted an audit of the 2015-2016 and 2016-2017 grants between the Division of Vocational Rehabilitation (DVR) and the Dan Marino Foundation (DMF). The purpose of this audit was to determine if DMF has sufficient internal controls to provide services to young adults with disabilities in compliance with grant terms and DVR is effectively providing oversight of the grants.

During this audit we found that, in general, DMF had sufficient controls in place, and DVR provided effective oversight of the grants. However, we noted instances where improvements could be made to strengthen some of these controls. For example, we cited instances where DVR approved unallowable expenditures and did not require additional documentation for certain questionable costs; DVR approved and paid for deliverables DMF did not achieve; DVR did not review the quarterly reports timely and did not ensure the reports contained all required information; DVR did not make all improvements to grant deliverables based on the Department of Financial Services (DFS) audit of the 2015-2016 grant, and DVR did not include outcome deliverables in the grants. The Audit Results section below provides details of the instances noted during our audit.

Scope, Objectives, and Methodology

The scope of this audit included an examination of the grant agreements between DVR and DMF from July 1, 2015, through the end of fieldwork. We established the following objectives for our audit:

1. Determine if DVR is effectively monitoring the performance of the provider for compliance with grant terms.
2. Determine if payments and expenditures are made in accordance with grant terms and applicable laws, rules, and regulations.
3. Determine if DVR has strengthened the 2016-2017 grant based on the DFS audit recommendations.

To accomplish our objectives we reviewed applicable laws, rules, and regulations; interviewed DVR and DMF staff; reviewed policies, procedures, and related documentation; reviewed the 2015-2016 and 2016-2017 executed grants and amendments between DVR and DMF; reviewed quarterly reports; reviewed a sample of expenditures and related documents; and reviewed the DFS audit of the 2015-2016 grant.

Background

The Dan Marino Foundation (DMF) is a non-profit organization dedicated to improving the lives of persons with autism or other developmental disabilities. Founded in 1992, DMF provides a variety of services to the developmentally disabled population. In 2013, DMF opened the Marino Campus, which is a 10 month, non-residential program for young adults with autism and other developmental disabilities. The Marino Campus offers three programs of study: computer technology, hospitality, and retail.

The General Appropriations Act of Florida designated \$750,000.00 from the Adults with Disabilities Grant Funds for the Inclusive Transition and Employment Management Program (ITEM) for each of the 2015-2016 and 2016-2017 fiscal years. The Division of Vocational Rehabilitation (DVR) oversees the Adults with Disabilities Grants and has executed grants with DMF since the 2013-2014 fiscal year. The grants provide young adults with disabilities, who are between the ages of 16 and 25, with transitional skills, education, and on-the-job experience to allow them to acquire and retain permanent employment. The 2016-2017 grant expanded the age range to include young adults with disabilities between 16 and 28 years old. During the 2015-2016 school year, one part time student and 32 full time students were enrolled at DMF. Thirty-two of the thirty-three students (97%) graduated from the program and twenty-two (69%) are currently employed.

Audit Results

Finding 1: DVR approved unallowable expenditures and did not require additional documentation for questionable costs

The 2015-2016 and 2016-2017 grants state, “Project funds must be used for activities that directly support the accomplishment of the project purpose, priorities, and expected outcomes. All expenditures must be consistent with the approved application, as well as applicable state and federal laws, rules, regulations and guidance.” The 2015-2016 grant also states, “The State will evaluate the effectiveness of project activities on established and approved performance goals. Department staff monitors recipients’ compliance with program and fiscal requirements included in the Florida Department of Financial Services (DFS) Reference Guide for State Expenditures and guidelines published in the Florida Department of Education’s (DOE) Green Book, and other federal and state authorities.” The 2016-2017 grant includes a list of unallowable expenses, which include entertainment; meals, refreshments or snacks; end-of-year celebrations, parties or socials; incentives; gift cards; decorations; kitchen appliances; or dues to organizations, federations, or societies for personal use.

The DOE Green Book requires all travel-related expenses to have a DOE C-676C (travel form) signed by the traveler and their supervisor, and:

- A printed map for the computation of mileage, such as the official state road map issued by the Department of Transportation or available through websites;
- A copy of agenda for meetings;
- Copies of receipts (hotel, rental car, gas, tolls, etc.); and
- Copies of paid checks or bank statements.

The DFS Reference Guide states that travel should be designated at the most economical method considering the most efficient and economical means of travel (considering the time of the traveler, cost of transportation and per diem or subsistence required) [10-01-03, pg. 57]. The Reference Guide further states that the traveler's point of origin must be their regular work location, unless the travel begins more than one hour before or one hour after the traveler's regular work hours. Per the DOE travel manual, when a traveler begins their travel at a point other than their headquarters, then the traveler shall claim mileage for the lesser of the distance, either the point of origin to the destination or from the headquarters to the destination.

We reviewed the submitted expenditures in the four quarterly reports from the 2015-2016 grant and the two quarterly reports from the 2016-2017 grant. We judgmentally selected 63 expenditures, ten percent of the expenditures from each quarterly report, to determine whether DMF submitted expenditures in compliance with the grant; the approved budget; and applicable laws, rules, and regulations for reimbursement.

We determined that 14 of the 63 sampled expenditures submitted by DMF were not allowable and 13 other expenditures did not have sufficient supporting documentation to determine if the expenditures were allowable. DVR approved and paid 24 of the 27 questioned expenditures, for a total of \$8,328.38. The unallowable expenditures included the following:

- Purchases of decorations for parties;
- Food purchases for parties;
- Employer appreciation purchases; and
- DJ services for a party.

The expenditures approved without sufficient supporting documentation included:

- Travel expenses reimbursed without travel forms or a map for mileage calculation;
- Purchases of meals reimbursed without using the approved meal allowances and travel forms;
- Mileage reimbursed from travelers' homes, without considering their work schedule or proximity of headquarters;
- Hotels paid without conference agendas or travel forms;
- No consideration of the use of rental cars as a less expensive alternative to paying mileage for staff personal car usage;
- Purchases for an art program without providing justification of how this assists the students in achieving the program's overall goal of students achieving employment in their chosen field; and
- Paying a fitness instructor for a fitness class without providing justification of how this assists the students in achieving the program's overall goal of students achieving employment in their chosen field.

The DVR grant manager did not realize that the identified expenditures were not allowable and was unaware of the supporting documentation requirements for the expenditures [10-01-20]. DMF was also unaware of the supporting documentation requirements and stated that they would make corrections when informed. The approval and payment of unallowable or unsupported expenditures diverts grant funds from appropriate expenditures on students and allows payments for activities that do not support the purpose of the grant.

Recommendation

We recommend DVR review submitted expenditures and ensure DMF expends funds in compliance with the grant; the approved budget; and applicable laws, rules, and regulations prior to payment. We recommend DVR ensure they receive all supporting documentation to determine if expenditures are allowable prior to payment. We additionally recommend DVR provide training to DMF on allowable expenditures and required supporting documentation for expenditures, particularly travel expenses.

We recommend DMF ensure all expenditures submitted are made in accordance with grant terms.

DVR Management Response

Concur. DVR will review supporting documentation and expenditures to ensure compliance with all known applicable laws, rules, and regulations, as well as, allowable expenses. In addition, DVR will create a procedures manual for the AWD Program that will outline all the applicable laws, rules, regulations, checklists, and procedural guidelines that will assist the AWD programs. DVR will also provide travel training to DMF during the grant period.

DMF Management Response

Concur. Unallowable expenditures: Some expenses submitted for reimbursement were, in the past, allowed/processed. As soon as these unallowable expenses were brought to our attention, we discontinued applying them to this grant.

Travel: As soon as the travel forms were brought to our attention, we began using them.

However, we may need further clarity on when to use “Map Mileage” vs “Vicinity Mileage.” A significant amount of travel is required by job coaches, employment specialists, and behavioral support staff as our program participants spend more than 200 hours on internship sites. Often, these staff travel to multiple sites in one day, taking them over the 50 mile/day guide for “Map Mileage.” Further, our program spans 2 locations that are 40 miles apart. There are key staff required to support participants and instructors in both locations.

Finding 2: DVR approved and paid for deliverables DMF did not achieve

The 2015-2016 grant includes deliverable requirements DMF must achieve in order to receive payment. Per the grant, “The awarded agency that fails to provide project deliverables, meet performance/goals, and/or complete tasks as specified in the approved Scope of Work will result in a partial payment and/or nonpayment, as appropriate.”

We reviewed the grant deliverables and supporting documentation for the 2015-2016 grant to determine whether DMF achieved the required deliverables prior to payment by DVR. One of the 2015-2016 deliverables involved the Virtual Interactive Training Agent (VITA). The grant states, “At least 30 participants with autism or other developmental disabilities will use the VITA system to practice and enhance their interviewing skills.”

- Students will use the VITA system to improve interviewing skills in January-June. Improvements in interviewing skills will be documented.
- Students’ attendance sheets will be provided showing 85% of students participated in the VITA system intervention.
- Final assessment scores of interview skills using the VITA observation rubric will be provided.
- Analysis of the changes in scores and percent improvement from baseline to final interview with an improvement goal of 70%.”

The deliverable was due at the end of the fourth quarter, June 30, 2016, with an associated cost of \$46,875.00.

We reviewed the fourth quarterly report and determined the increase in the initial interview to the final assessment scores was 61.1%, falling short of the 70% goal [09-01-014, pgs. 91-94]. DVR did not reduce the invoice for the unmet deliverable and was unable to produce documentation addressing the shortage with DMF. Per DVR, the full payment for the unmet deliverable was an oversight.

As a result of the DFS audit of the 2015-2016, DVR created an amendment to address the identified deficiencies. DVR and DMF signed the amendment on April 18, 2016. The amendment included modifications to two deliverables, which DVR had already approved and paid. See Table 1.

Table 1: Modifications of Deliverables

<i>Deliverable Number</i>	<i>Original Grant dated 11/2/15 Deliverable Requirements</i>	<i>Amendment 2 dated 4/18/16 Deliverable Requirements</i>	<i>Due Date</i>
1	Identify 12 full time and 2 part time staff positions for the ITEM Program.	At least 30 participants accepted to program, as evidenced by program assessments and scoring guide, the number of students versus the number accepted.	1st quarter 9/30/15
2	Provide a list of library materials and web links purchased, allocated, and provided for the student resource center.	DMF will establish a student resource library, as evidenced by student interest survey, purchase orders for new materials, and student use handout used in training.	2nd quarter 12/30/15

We reviewed the first quarterly report and determined DMF completed the original deliverable requirement, but did not provide evidence of achievement of the amended deliverable #1. We additionally reviewed the second quarterly report and determined DMF completed the original deliverable requirement for deliverable #2 but did not provide evidence of achievement of the amended deliverable until the third quarter.

DVR confirmed that the modification of the deliverables after the due dates was an error. Modifying deliverables after the due dates does not allow the provider an opportunity to meet the deliverables. It also leads to payment for deliverables not achieved per the grant. In addition, not ensuring the achievement of deliverable requirements prior to payment could lead to funds paid for services not provided.

Recommendation

We recommend DVR review the deliverables reported by the provider to ensure achievement of deliverable requirements prior to approving invoices. We additionally recommend that DVR management review amendments prior to execution to ensure that the deliverables are achievable by the provider.

DVR Management Response

Concur. For the 2017-2018 Grant fiscal year, DVR will ensure deliverables are achieved prior to approving invoices. DVR will create a checklist that will outline what is to be provided in the quarterly reports by DMF. For the 2017-2018 Grant fiscal year, DVR will work with the DOE Grants Management office to ensure deliverables are achievable prior to execution of amendments.

Finding 3: DVR did not review the quarterly reports timely and did not ensure the reports contained all required information

Per Florida Statute 215.422 (1), “Approval and inspection of goods or services shall take no longer than 5 working days unless the bid specifications, purchase order, or contract specifies otherwise.”

The 2015-2016 and 2016-2017 grants required DMF to submit quarterly reports to DVR. Per the grants, the quarterly reports should include documentation of expenditures, achievement of the deliverables, and an evaluation of the project to date, including barriers and recommendations to overcome those barriers.

We reviewed DVR’s inspection and approval of the four quarterly reports from the 2015-2016 grant and the first two quarterly reports from the 2016-2017 grant to determine the timeliness of the inspection and approval. We also determined if DVR ensured the quarterly reports contained all required documents prior to approval. We determined DMF did not submit, nor did DVR request, the required evaluations of the project for any of the six quarterly reports. DVR stated that they failed to identify that the quarterly reports did not include the required evaluations.

We also determined DVR did not conduct initial inspections of any of the six quarterly reports within the required five days, ranging from eight business days to 49 business days after receipt. DVR required DMF to submit additional information to DVR for four of the six quarterly reports, which resulted in seven resubmissions. See Table 2.

Table 2: Quarterly Report Resubmissions

Quarterly Report	# of re-submissions	# of business days for DVR to review
1 st qtr. 15-16 grant	2	1 st re-submission (12 days); 2 nd re-submission (2 days)
2 nd qtr. 15-16 grant	2	1 st resubmission (1 day); 2 nd re-submission (8 days). Note: DVR made four additional requests for information related to Amendment #2.
3 rd qtr. 15-16 grant	2	1 st re-submission (1 day); 2 nd re-submission (12 days)
2 nd qtr. 16-17 grant	1	Re-submission (2 days)

DVR did not review three of the seven resubmissions within the required timeframe, ranging from eight to 12 business days after receipt. The delay in reviews caused delayed payments to DMF. Payments for the six quarterly reports ranged from 62 days to 115 days after the original submission. Per DVR staff, the delays in reviewing quarterly reports was due to the grant manager receiving reports for all grants he/she managed at the same time.

In addition, we noted the DVR grant manager approved and signed the 2015-2016 second quarterly report on February 8, 2016. On February 16, 2016, DVR contacted DMF and requested that an amendment be submitted to address the findings from the DFS audit prior to payment of the approved quarterly report. DMF submitted the amendment on February 22, 2016, and DVR made four additional requests for information related to the amendment. Requiring the execution of the amendment prior to payment of the second quarterly review resulted in DMF receiving payment 84 days after the grant manager approved the second quarterly review. Per DVR, they were under the impression that they could not pay the invoice until execution of the amendment.

Multiple resubmissions of quarterly reports and untimely reviews of quarterly reports cause delays in processing the invoices and delayed payments to DMF. The delayed payments could lead to delays in services to students or services not provided. In addition, approving reports without ensuring the evaluations of the project to date are included could lead to DVR being unaware of the progress of the program, difficulties the program is facing, and barriers to meeting deliverables.

Recommendation

We recommend DVR track the receipt of quarterly reports as well as the grant manager's review of the reports to ensure DVR receives and inspects all quarterly reports in the required timeframe. We recommend DVR ensure all required information is included in the quarterly reports prior to payment. We additionally recommend that DVR provide training to DMF on the requirements for submission of quarterly reports.

We recommend DMF include the required evaluations of the project to date, including barriers and recommendations to overcome those barriers, in all submitted quarterly reports per the grant agreement.

DVR Management Response

Concur. DVR has created an invoice tracking form that will be used to track the receipt of the invoices, payment of invoices, and any reasons for delays in payment of invoices. In addition, DVR will provide training to DMF on what is required in the quarterly reports for prompt payments.

DMF Management Response

Concur. Every quarter, a summary of each deliverable was provided that included the activities completed, outcomes, and evaluation, along with the evidences to support the outcomes (print outs, logs, etc.). Going forward, a quarterly summary report will be provided that presents an overview of each deliverable outcome and evaluation, along with barriers and recommendations for overcoming those barriers.

Finding 4: DVR did not make all improvements to grant deliverables based on the DFS audit of the 2015-2016 grant

The Department of Financial Services (DFS) conducted an audit of the 2015-2016 grant between DVR and the Dan Marino Foundation on February 3, 2016. The audit noted, in part, the following deficiencies:

- The documentation lacks sufficient information to determine a required level of service or criteria for successful completion of the amount of compensation for each deliverable.
- Because the deliverables are not sufficiently identified, compensation cannot be tied to the deliverable; and
- Although the agreement does contain Financial Consequences as required, the unidentifiable deliverables would make it impossible to apply.

DVR executed Amendment #2 to the 2015-2016 grant as a result of the DFS audit. We reviewed the project performance and accountability charts for Amendment #2 of the 2015-2016 grant to determine whether DVR had corrected the DFS findings. The amendment contained seven scope of work areas with nine deliverables. We determined one of the nine deliverables did not include a required level of service for successful completion and could not be tied to compensation or financial consequences if the deliverable was not met. See Table 3.

Table 3: 2015-2016 Grant Deliverables – Amendment #2

Deliverable Number	Scope of Work	Tasks	Deliverables	Due Date	Amount
1	Student Resource Library	A student resource library will be established in the student union area at Marino Campus.	Student interest survey Purchase orders for new materials Student use handout used in training	2nd quarter 12/30/15	\$46,875.00

We also reviewed the project performance and accountability charts for the 2016-2017 grant. The grant contained seven scope of work areas with eleven deliverables. We determined three of the nine deliverables did not include a required level of service for successful completion and could not be tied to compensation or financial consequences if the deliverables were not met. See Table 4.

Table 4: 2016-2017 Grant Deliverables

Deliverable Number	Scope of Work	Tasks	Deliverables	Due Date	Amount
1	LMS/SIS Utilization	In order to increase use of the LMS/SIS, students, parents, and instructors will receive training.	Training handout and materials including video links (You Tube) for staff and students	1st quarter 9/30/16	\$28,125.00
2	LMS/SIS Utilization	In order to increase use of the LMS/SIS, students, parents, and instructors will receive training.	Students, parents/guardians, and staff utilization reports	2nd quarter 12/30/16 & 3rd quarter 3/30/17	\$56,250.00
3	Internship Participation	At least 35 students will participate in supervised community-based internships related to their program of study.	Signed internship site agreements (MOU) will be provided	2nd quarter 12/30/16	\$28,125.00

Recommendation

We recommend DVR ensure that all grant deliverables are measurable, compensation is tied to each deliverable, and financial consequences can be applied for unmet deliverables.

DVR Management Response

Concur. For the 2017-2018 Grant fiscal year, DVR will ensure all deliverables are measurable and compensation is tied to each deliverable. A procedure manual will be created to assist the AWD programs with creating and meeting established deliverables as written in the grants. In addition, DVR withholds fifteen percent of DMF awarded funding to apply any financial consequences for unmet deliverables.

Finding 5: DVR did not include outcome deliverables in the DMF grants.

The purpose of the 2016-2017 grant between DVR and DMF is “to provide adults with disabilities, educational, community partnerships, and training for future workforce success.” The 2016-2017 grant does not include deliverables for DMF to attain related to the graduation or employment of its students. The grant also does not include deliverables for DMF staff qualifications.

We determined DMF tracks and reports employment rates each year as a requirement in order to maintain their license through the Commission for Independent Education. To determine current employment status, DMF contacts alumni through direct email and social media, quarterly social events, and annual surveys. DMF reported 22 of the 32 students (69%) who completed the 2015-2016 school year attained gainful employment.

DMF also has internal requirements for minimum staff qualifications in the form of job descriptions. We confirmed each staff member met the minimum qualifications for the position held by reviewing their filed resumes.

The addition of deliverables to attain minimum requirements for the graduation and employment of DMF students and minimum staff qualifications would reveal the success of the program and ensure funds are achieving their desired purpose. Lack of deliverables related to student graduation and employment and staff qualifications could lead to DMF receiving funds for providing services that do not accomplish the purpose of the grant.

Recommendation

We recommend that DVR include deliverable requirements in future DMF grants to address employment after graduation and staff qualifications.

DVR Management Response

Concur. For the 2017-2018 Grant fiscal year, DVR will require DMF to include employment reporting during each quarterly report. For the 2017-2018 Grant fiscal year, DVR will require DMF to provide staff qualifications for each employee of the Adults with Disabilities grant this is to include any amendments also.

Closing Comments

The Office of the Inspector General would like to recognize and acknowledge the Division of Vocational Rehabilitation and staff, and the Dan Marino Foundation and staff for their assistance during the course of this audit. Our fieldwork was facilitated by the cooperation and assistance extended by all personnel involved.

To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our audit was conducted under the authority of section 20.055, F.S., and in accordance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The audit was conducted by Billy Bull and supervised by Tiffany Hurst, Audit Director.

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